

**Jeffrey A. Masoner**  
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June 23, 2003

Dayna Garvin  
Senior Manager - Carrier Agreements  
MCI WORLDCOM Communications, Inc.  
2678 Bishop Drive, Suite 200  
San Ramon, CA 94583

Re: Requested Adoption Under the FCC Merger Conditions

Dear Ms. Garvin:

Verizon North Inc., Verizon South Inc. ("Verizon"), a Wisconsin corporation with its principal place of business at 8001 West Jefferson, Ft. Wayne, IN 46804, has received your letter stating that, pursuant to paragraph 31(a) of the BA/GTE Merger Conditions ("Merger Conditions"), released by the FCC on June 16, 2000 in CC Docket No. 98-184, MCI WORLDCOM Communications, Inc. ("MCIW"), a Delaware corporation with its principal place of business at 22001 Loudoun County Parkway, Ashburn, VA 20147, wishes to provide services to customers in Verizon's service territory in the State of Illinois by adopting the voluntarily negotiated terms of the Interconnection Agreement between ICG Telecom Group Inc. ("ICG") and Verizon California Inc., f/k/a GTE California Incorporated ("Verizon California") that was approved by the California Public Utilities Commission as an effective agreement in the State of California, as such agreement exists on the date hereof after giving effect to operation of law (the "Verizon California Terms").

I understand that MCIW has a copy of the Verizon California Terms which, in any case, are attached hereto as Appendix 1. Please note the following with respect to MCIW's adoption of the Verizon California Terms.

1. By MCIW's countersignature on this letter, MCIW hereby represents and agrees to the following four points:

- (A) MCIW and Verizon agree to be bound by and adopt in the service territory of Verizon, the Verizon California Terms, as they are in effect on the date hereof after giving effect to operation of law, and in applying the Verizon California Terms, agree that MCIW shall be substituted in place of ICG Telecom Group Inc. and ICG in the Verizon California Terms wherever appropriate.
- (B) Notice to MCIW and Verizon as may be required or permitted under the Verizon California Terms shall be provided as follows:

To MCIW:

MCI WORLDCOM Communications, Inc.  
Attention: Vice President -  
National Carrier & Contract Management  
5055 North Point Parkway  
Alpharetta, GA 30022  
Telephone number: 678/259-5456  
Facsimile: 678/259-5446  
Internet Address: Marcel.Henry@mci.com

with a copy to each of:

MCI WORLDCOM Communications, Inc.  
Attention: Chief Technology & Network Counsel  
1133 19<sup>th</sup> Street, N.W.  
Washington, DC 20036  
Telephone Number: 202/736-6578  
Facsimile: 202/736-6903

MCI WORLDCOM Communications, Inc.  
Attention: Senior Manager - Carrier Agreements  
2678 Bishop Drive, Suite 200  
San Ramon, CA 94583  
Telephone Number: 925/824-2078  
Facsimile: 925/244-1334  
Internet Address: Dayna.Garvin@mci.com

MCI WORLDCOM Communications, Inc.  
Attention: Counsel – Network & Facilities  
22001 Loudoun County Parkway  
Ashburn, VA 20147  
Telephone Number: 703/886-5302  
Facsimile: 703/886-4399

To Verizon:

Director-Contract Performance & Administration  
Verizon Wholesale Markets  
600 Hidden Ridge, HQEWMNOTICES  
Irving, TX 75038  
Telephone Number: 972/718-5988  
Facsimile Number: 972/719-1519  
Internet Address: wmnotices@verizon.com

with a copy to:

Vice President and Associate General Counsel  
Verizon Wholesale Markets  
1515 North Court House Road, Suite 500  
Arlington, VA 22201  
Facsimile: 703/351-3664

- (C) MCIW represents and warrants that it is a certified provider of local telecommunications service in the State of Illinois, and that its adoption of the Verizon California Terms will only cover services in the service territory of Verizon in the State of Illinois.
  - (D) MCIW represents and warrants that, prior to its adoption of the Verizon California Terms, MCIW and Verizon do not have and have not had in force an interconnection agreement for the service territory of Verizon in the State of Illinois.
- 2. MCIW's adoption of the Verizon California Terms shall become effective on June 25, 2003. Verizon shall file this adoption letter with the Illinois Commerce Commission ("Commission") promptly upon receipt of an original of this letter, countersigned by a duly authorized representative of MCIW. The term and termination provisions of the ICG/Verizon California agreement shall govern MCIW's adoption of the Verizon California Terms. MCIW's adoption of the Verizon California Terms is currently scheduled to expire on June 20, 2004.
  - 3. As the Verizon California Terms are being adopted by MCIW pursuant to the Merger Conditions, Verizon does not provide the Verizon California Terms to MCIW as either a voluntary or negotiated agreement. The filing and performance by Verizon of the Verizon California Terms does not in any way constitute a waiver by Verizon of any position as to the Verizon California Terms or a portion thereof. Nor does it constitute a waiver by Verizon of any rights and remedies it may have to seek review of the Verizon California Terms, or to seek review of any provisions included in these Verizon California Terms as a result of MCIW's election pursuant to the Merger Conditions.

4. For avoidance of doubt, please note that adoption of the Verizon California Terms will not result in reciprocal compensation payments for Internet traffic. Verizon has always taken the position that reciprocal compensation was not due to be paid for Internet traffic under section 251(b)(5) of the Act. Verizon's position that reciprocal compensation is not to be paid for Internet traffic was confirmed by the FCC in the Order on Remand and Report and Order adopted on April 18, 2001 ("*FCC Remand Order*"), which held that Internet traffic constitutes "information access" outside the scope of the reciprocal compensation obligations set forth in section 251(b)(5) of the Act.<sup>1</sup> Accordingly, compensation for Internet traffic – if any – is governed by the terms of the *FCC Remand Order*, not pursuant to adoption of the Verizon California Terms.<sup>2</sup> Moreover, in light of the *FCC Remand Order*, even if the Verizon California Terms include provisions invoking an intercarrier compensation mechanism for Internet traffic, any reasonable amount of time permitted for adopting such provisions has expired under the FCC's rules implementing section 252(i) of the Act.<sup>3</sup> In fact, the *FCC Remand Order* made clear that carriers may not adopt provisions of an existing interconnection agreement to the extent that such provisions provide compensation for Internet Traffic.<sup>4</sup>
5. MCIW's adoption of the Verizon California Terms pursuant to the Merger Conditions is subject to all of the provisions of such Merger Conditions. Please note that the Merger Conditions exclude the following provisions from the interstate adoption requirements: state-specific pricing, state-specific performance measures, provisions that incorporate a determination reached in an arbitration conducted in the relevant state under 47 U.S.C. Section 252 and provisions that incorporate the results of negotiations with a state commission or telecommunications carrier outside of the negotiation procedures of 47 U.S.C. Section 252(a)(1). Verizon, however, does not oppose MCIW's adoption of the Verizon California Terms at this time, subject to the following reservations and exclusions:

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<sup>1</sup> Order on Remand and Report and Order, In the Matters of: Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 and Intercarrier Compensation for ISP-Bound Traffic, CC Docket No. 99-68 (rel. April 27, 2001) ("*FCC Remand Order*") ¶44, *remanded*, *WorldCom, Inc. v. FCC*, No. 01-1218 (D.C. Cir. May 3, 2002). Although the D.C. Circuit remanded the *FCC Remand Order* to permit the FCC to clarify its reasoning, it left the order in place as governing federal law. *See WorldCom, Inc. v. FCC*, No. 01-1218, slip op. at 5 (D.C. Cir. May 3, 2002).

<sup>2</sup> For your convenience, an industry letter distributed by Verizon explaining its plans to implement the *FCC Internet Order* can be viewed at Verizon's Customer Support Website at URL [www.verizon.com/wise](http://www.verizon.com/wise) (select Verizon East Customer Support, Business Resources, Customer Documentation, Resources, Industry Letters, CLEC, May 21, 2001 Order on Remand).

<sup>3</sup> *See, e.g.*, 47 C.F.R. Section 51.809(c). These rules implementing section 252(i) of the Act apply to interstate adoptions under the Merger Conditions as well. *See, e.g.*, Merger Conditions ¶32 (such adoptions shall be made available "under the same rules that would apply to a request under 47 U.S.C. Section 252(i)").

<sup>4</sup> *FCC Remand Order* ¶82.

- (A) Verizon's standard pricing schedule for interconnection agreements in Illinois (as such schedule may be amended from time to time) (attached as Appendix 2 hereto), which includes (without limitation) rates for reciprocal compensation, shall apply to MCIW's adoption of the Verizon California Terms. MCIW should note that the aforementioned pricing schedule may contain rates for certain services the terms for which are not included in the Verizon California Terms or that are otherwise not part of this adoption. In an effort to expedite the adoption process, Verizon has not deleted such rates from the pricing schedule. However, the inclusion of such rates in no way obligates Verizon to provide the subject services and in no way waives Verizon's rights under the Merger Conditions.
  - (B) MCIW's adoption of the Verizon California Terms shall not obligate Verizon to provide any interconnection arrangement or unbundled network element unless it is feasible to provide given the technical, network and Operations Support Systems attributes and limitations in, and is consistent with the laws and regulatory requirements of the State of Illinois and with applicable collective bargaining agreements.
  - (C) Nothing herein shall be construed as or is intended to be a concession or admission by Verizon that any provision in the Verizon California Terms complies with the rights and duties imposed by the Act, the decisions of the FCC and the Commissions, the decisions of the courts, or other law, and Verizon expressly reserves its full right to assert and pursue claims arising from or related to the Verizon California Terms.
  - (D) Terms, conditions and prices contained in tariffs cited in the Verizon California Terms shall not be considered negotiated and are excluded from MCIW's adoption.
  - (E) MCIW's adoption does not include any terms that were arbitrated in the Verizon California Terms.
6. Verizon reserves the right to deny MCIW's adoption and/or application of the Verizon California Terms, in whole or in part, at any time:
- (A) when the costs of providing the Verizon California Terms to MCIW are greater than the costs of providing them to ICG;
  - (B) if the provision of the Verizon California Terms to MCIW is not technically feasible; and/or
  - (C) if the Verizon California Terms were negotiated between ICG and Verizon California on or before June 30, 2000; and/or
  - (D) if Verizon otherwise is not obligated to permit such adoption and/or application under the Merger Conditions or under applicable law.

7. Should MCIW attempt to apply the Verizon California Terms in a manner that conflicts with paragraphs 3-6 above, Verizon reserves its rights to seek appropriate legal and/or equitable relief.
8. In the event that a voluntary or involuntary petition has been or is in the future filed against MCIW under bankruptcy or insolvency laws, or any law relating to the relief of debtors, readjustment of indebtedness, debtor reorganization or composition or extension of debt (any such proceeding, an "Insolvency Proceeding"), then: (i) all rights of Verizon under such laws, including, without limitation, all rights of Verizon under 11 U.S.C. § 366, shall be preserved, and MCIW's adoption of the Verizon California Terms shall in no way impair such rights of Verizon; and (ii) all rights of MCIW resulting from MCIW's adoption of the Verizon California Terms shall be subject to and modified by any Stipulations and Orders entered in the Insolvency Proceeding, including, without limitation, any Stipulation or Order providing adequate assurance of payment to Verizon pursuant to 11 U.S.C. § 366. In the event that an interconnection agreement between Verizon and MCIW is currently in force in the State of Illinois (the "Original ICA"), MCIW's adoption of the Terms (the "Amended and Restated Interconnection Agreement") shall be an amendment and restatement of, and replace in its entirety, the Original ICA. The Amended and Restated Interconnection Agreement is not intended to be, nor shall it be construed to create, a novation or accord and satisfaction with respect to the Original ICA. All monetary obligations of the parties to one another under the Original ICA shall remain in full force and effect and shall constitute monetary obligations of the parties under the Amended and Restated Interconnection Agreement; provided, however, in the event that MCIW is currently a debtor in an Insolvency Proceeding nothing contained herein shall convert any claim or debt that would otherwise constitute a prepetition claim or debt in MCIW's Insolvency Proceeding into a post-petition claim or debt.

## SIGNATURE PAGE

Please arrange for a duly authorized representative of MCIW to sign this letter in the space provided below and return it to Verizon.

Sincerely,

VERIZON NORTH INC.  
VERIZON SOUTH INC.

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Jeffrey A. Masoner  
Vice President – Interconnection Services Policy & Planning

Reviewed and countersigned as to points A, B, C, and D of paragraph 1. MCIW acknowledges Verizon's position statements of paragraphs 2 through 8 above ("Verizon's Statements of Position"), but MCIW (i) disagrees with them, (ii) reserves all rights to dispute any and all of Verizon's Statements of Position, and (iii) asserts that Verizon's Statements of Position do not, and should not be used to, change or alter the underlying Verizon California Terms adopted by MCIW. Further, MCIW reserves all rights it may have under the Verizon California Terms or under applicable law to challenge any rates attached hereto which have not been approved by order of the Illinois Commission.

MCI WORLDCOM COMMUNICATIONS, INC.

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By\_\_\_\_\_

Title\_\_\_\_\_

Attachment

cc: Sherri D. Sebring – Verizon (w/out attachments)  
Myra Neal – MCI (w/ attachments)